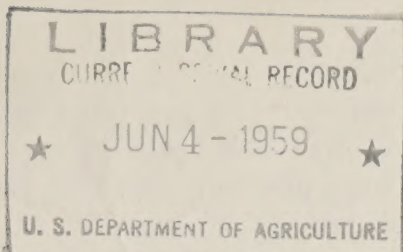


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The AGRICULTURAL OUTLOOK DIGEST

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Farmers' prices and net incomes this year probably will fall somewhat under 1958 when they reached the highest level in 5 years.

Supplies are heavy. Sales from last year's record crops are continuing the first half of this year. While growing conditions so far are not as promising as last year, crop production could again be heavy. Farmers' intentions indicate they will plant about 2 percent more acres than last year. Much of the increase is expected in wheat, cotton, and corn. Wheat and corn stocks at the end of the current marketing year will be largest on record by far ... cotton stocks, though well below the 1956 peak, will be high.

Hog marketings are up sharply this year. Dairy production will be a little above 1958 and a near record. Poultry and egg output is at a record rate. Cattle numbers are increasing but marketings will stay at about last year's level.

Prices received by farmers, now about 5% below a year ago, are likely to stay under 1958 the rest of this year. Hog prices will average well below last year but cattle prices may be a little higher. Price supports for the 1959 crops of oilseeds, cotton, oats, barley, and sorghum grain are lower than those for 1958 crops. Corn supports will be higher than those available to farmers who did not comply with acreage allotments in 1958, but below the rate to compliers. Dairy and wheat supports are the same as last year.

Demand for food is strong and is likely to get stronger. Consumer income is expected to rise further as economic recovery expands. In the first quarter of 1959, sales at retail food stores were 3% above the same period last year.

Pick-up in agricultural exports is likely the last half of this year. Reduced cotton shipments cut exports in fiscal 1958-59 by an estimated 7%. Larger cotton exports anticipated in July-December should raise total volume of exports above last half of 1958.

Farmers probably will have nearly as large a gross income this year as the 1958 record. Cash receipts are expected to hold up as a larger volume of sales offsets lower average prices. But Government payments will be down because of ending of acreage reserve of Soil Bank. Last year, farmers received \$693 million from acreage reserve payments. Payments under conservation reserve, which is being expanded substantially, amounted to \$122 million.

Production expenses will climb in 1959 as they have in 18 of last 20 years. Prices average higher and farmers are buying more.

Net income realized by operators this year is expected to be down about a billion dollars from 1958 figure of \$13.1, as result of higher production costs and lower Soil Bank payments. But 1959 total should stay well above 1957 level of \$10.8 billion.

Income to farmers from nonfarm sources probably will increase. Expanding economic activity is likely to bring higher industrial wages and more opportunities for nonfarm jobs. Higher nonfarm income received by farm families will offset part of decline in income from farm sources.

LIVESTOCK. Fed cattle prices probably will hold fairly steady this spring. Marketings will be heavy but total cattle slaughter probably will continue below last year. Strong demand for replacement cattle is expected to hold cow and stocker and feeder prices near current levels this spring.

Hog slaughter, though declining seasonally this spring, will stay well above last year. Prices will rise seasonally but continue under last year.

DAIRY. Farmers are expected to produce slightly more milk in 1959 than last year and sell it at about the same average prices. Price support continues at 1958 levels. Cash receipts from dairying this year will rise a little above 1958 and approximate the 1957 record.

EGGS. Hatchings of chicks for laying flock replacement are running above last year despite sharply lower egg prices. March hatchings were 6% below a year earlier while the number of eggs in incubators April 1 was about the same. Flock is currently 3% larger than last year and contains more young layers.

SOYBEANS. Carryover next October 1 is likely to total about 75 million bushels, 55 million above a year earlier and 13% of the record 1958 crop. Crushings this season will total about 400 million bushels, up 46 million from last year. Exports will rise 5 million to about 90 million. But increase in disappearance is not enough to offset big gain in 1958 crop.

FEED. Prices of feed grains have strengthened in recent weeks but are a little below a year earlier. High protein feed prices also have risen.

WHEAT. Another increase in carryover is likely in the coming 1959-60 marketing year. The April estimate of 966 million bushels of winter wheat plus an allowance for the spring crop indicates total production of around 1,200 million bushels. Such a crop would exceed probable disappearance and raise carryover July 1, 1960 to over 1,400 million bushels. Stocks next July 1 are expected to total about 1,285 million.

PROCESSED VEGETABLES. Supplies for the remainder of the season are largest on record, and carryovers of most items at the season's end are likely to be large. As a result, processors are expected to plan for a smaller pack than last year. Reports on intentions to plant 7 major processing crops indicate that acreage will be down 2% from last year and 9% from average.

COTTON. Mill consumption is likely to continue above last season through 1958-59. Estimated total of $8\frac{1}{2}$ million bales would be up half a million. Increase is being encouraged by highest mill margins in 2 years, low mill and trade inventories and rising unfilled orders.

Cotton exports are still running at half last year's rate ... year's total is not likely to exceed 3 million bales. 1957-58 figure was 5.7 million.